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January 6, 2014

Dear Senator:

On behalf of over 1 million members, the National Association of REALTORS® urges you to vote for **S.1846, the Homeowner Flood Insurance Affordability Act**. This bill would delay potentially inaccurate and uncapped rate increases, on recent home purchases until FEMA investigates and reports to Congress with an affordability solution.

On October 1, 2013, FEMA imposed full-risk actuarial rates on all properties purchased after July 2012. Because FEMA waited and then retroactively applied these increases, home buyers bought their properties before they could be warned. Moreover, based on NAR's investigation, many increases we have examined appear to be inaccurate and possibly due to insurance company mistakes and lack of agent training.

In recent testimony, NAR provided several examples where quoted rates exceeded the true actuarial rate by **\$10,000-\$30,000/year**. Unlike existing owners who see gradual 20-25% increases, point-of-sale increases are not capped, apply immediately to the new owner and can be as high as \$87,500 per year according to one example we provided. With rates of this magnitude, very few would be able to qualify for a mortgage in 20,000 communities where flood insurance is a prerequisite. And those who qualified and bought there over the past year could be facing foreclosure when their flood insurance is first renewed, unless Congress acts today.

S. 1846 would delay the uncapped, point-of-sale increases until FEMA submits its affordability study, already 8 months overdue from its statutory deadline. FEMA should not be able to pick and choose which parts of a law to implement especially when the delayed provisions like allowing for installment payments, could help mitigate the impact of some increases. The affordability study could hold the key to showing how pervasive the insurance rating errors are and how best for Congress to address them over the longer term. In the interim, the bill would restore the previous rate for those already seeing an increase and postpone future increases for properties purchased or "grandfathered" under previous flood insurance rate maps when new ones have been issued. The bill would also establish a FEMA advocate and provide additional resources to investigate homeowner concerns over rate quote discrepancies.

Please vote "yes" when S. 1846 Homeowner Flood Insurance Affordability Act reaches the floor. Home owners cannot afford to wait while FEMA continues to implement excessive rate increases that are stalling home sales and inhibiting the housing recovery in communities nationwide.

Sincerely,

Steve Brown
2014 President, National Association of REALTORS®



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